THE REVIEW OF
BANKING & FINANCIAL SERVICES
A PERIODIC REVIEW OF SPECIAL LEGAL DEVELOPMENTS AFFECTING LENDING AND OTHER FINANCIAL INSTITUTIONS

Vol. 42 No. 11 November 2026

THE PRIVATE CREDIT MARKET: THE DATA BEHIND THE HEADLINES

Since our March 2026 alert on private credit's "first real test," the headlines surrounding the asset class remain unnerving. While the underlying data reveal legitimate stress in certain corners of the market, the data also point to market bifurcation and segmentation rather than broad deterioration. This update (1) compares headline risk against what the empirical evidence shows across retail access and capital allocation; (2) analyzes second-quarter results from traditional and nonbank financial institutions; and (3) provides practical guidance for lenders on redemption risk, ABF documentation, and enforcement strategy for the next phase of the credit cycle.

By Gabriel Yomi Dabiri and Cynthia Weiss *

In March 2026, we published *The Private Credit Market: Understanding Its First Real Test*, examining several noteworthy market developments, including collapses driven by alleged fraud, increased redemption pressure at some of the largest funds, and growing concerns regarding software-sector concentration and opacity in private credit fund net asset valuations.

This update addresses four themes that have been top of mind for clients since March: (I) how retail private credit continues to evolve; (II) where capital is being reallocated across private credit strategies; (III) what second-quarter 2026 results reveal about the health of corporate lending generally and private credit funds specifically; and (IV) the extent to which prevailing headlines compare with underlying performance data.

The emerging data increasingly suggest a market bifurcation rather than a market-wide deterioration.

* *GABRIEL YOMI DABIRI is a partner and Global Head of Private Credit & Direct Lending at Squire Patton Boggs (US) LLP's New York City office. CYNTHIA WEISS is a partner at the same firm, focusing on private credit and direct lending. Their e-mail addresses are gabriel.dabiri@squirepb.com and cynthia.weiss@squirepb.com.*

I. THE EVOLUTION OF RETAIL PRIVATE CREDIT

How has retail private credit evolved since March?

Efforts to expand retail access to this asset class continue. On March 30, 2026, the Department of Labor's Employee Benefits Security Administration published a proposed rule establishing a process-based safe harbor for 401(k) and other defined contribution plan fiduciaries selecting alternative assets, including private credit, as designated investment alternatives[1].

[1] "Fiduciary Duties in Selecting Designated Investment Alternatives." Federal Register (March 31, 2026); U.S. Department of Labor news release (March 30, 2026). https://www.federalregister.gov/documents/2026/03/31/2026-06178/fiduciary-duties-in-selecting-designated-investment-alternatives https://www.dol.gov/newsroom/releases/ebsa/ebsa20260330.

IN THIS ISSUE

● ***DIGITAL ASSET TRANSFERS AND THE SECTION 546(e) SAFE HARBOR: A GUIDE FOR TRANSACTION PLANNERS, Page 143***